



You are cordially invited to

## UCLouvain Economics Seminar

On Thursday October 11, 2018 from 12:45 to 14:00 Doyen 22,  
Place des Doyens, 1

**Régis Renault**  
(Cergy Pontoise)

Will give a presentation on

### **Search Direction: Position Externalities and Position Bias**

Abstract: A tractable model of pricing under directed search is proposed where firms have *ex ante* heterogeneous demands. Equilibrium product prices are such that the marginal consumer's surplus decreases in the order of search. Consumers always find it optimal to follow the order of search that results from whatever allocation rule used to determine firms' positions. A firm suffers from a ``business stealing'' externality imparted by firms that precede it and a ``search appeal'' externality imparted by firms that follow. Optimal rankings that achieve the maximization of joint profit, social welfare or consumer surplus are characterized by means of firm specific scores. There is typically a conflict between total industry profit and consumer welfare maximization. In a generalized second price auction, situations where the equilibrium outcome is joint profit and/or consumer welfare maximizing are characterized.  
(Joint paper with Simon Anderson)

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